

**Bayou Community Academy
Charter School**

Financial Statements
and Independent Auditor's Report
June 30, 2012

**Bayou Community Academy
Charter School**

Financial Statements and Independent Auditor's Report
As of and for the Year Ended
June 30, 2012

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**Bayou Community Academy
Charter School**

Financial Statements and Independent Auditor's Report
As of and for the Year Ended
June 30, 2012

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**Martin
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bayou Community Academy Charter School
Thibodaux, Louisiana

We have audited the accompanying statement of financial position of Bayou Community Academy Charter School (a nonprofit organization) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

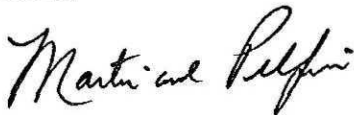
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayou Community Academy Charter School as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2012, on our consideration of Bayou Community Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The schedules required by Louisiana State Law included as Schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of board of trustees is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script, appearing to read "Martin and Relfini".

November 22, 2012

FINANCIAL STATEMENTS SECTION

**Bayou Community Academy
Charter School**

Statement of Financial Position
June 30, 2012

ASSETS

Current assets:

Cash and cash equivalents	\$ 466,521
Investments	450,168
Accounts receivable	100
Grants receivable	9,447
Prepaid expense	<u>450</u>

Total current assets 926,686

Property and equipment, net of accumulated depreciation of \$18,248	<u>148,320</u>
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TOTAL ASSETS	<u><u>\$ 1,075,006</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 37,826
Accrued payroll	65,934
Payroll taxes payable	13,411
Deferred compensation	39,388
Deferred revenue	<u>6,778</u>

Total current liabilities 163,337

Net assets:

Unrestricted	<u>911,669</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,075,006</u></u>
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The accompanying notes are an integral part of this statement.

**Bayou Community Academy
Charter School**

Statement of Activities
Year Ended June 30, 2012

Unrestricted

REVENUE, GRANTS AND OTHER SUPPORT

Grants:

State public school funding	\$ 2,130,706
Local grants	102,663
Federal grants	85,741
Other local sources	106,443
In-kind contributions	1,610
Investment income	168

TOTAL REVENUE, GRANTS AND OTHER SUPPORT

2,427,331

EXPENSES

Program services

Regular education programs	721,550
School administration	252,768
Operation and maintenance	154,822
Student transportation services	70,906
Special education programs	66,244
Pupil support services	68,995
Other instructional programs	25,301
Non-instructional services	18,321
Depreciation	18,208

Management and general

Business services	64,256
General administration	49,228
Central services	905

TOTAL EXPENSES

1,511,504

INCREASE IN NET ASSETS

915,827

NET ASSETS, BEGINNING OF PERIOD

(4,158)

NET ASSETS, END OF PERIOD

\$ 911,669

The accompanying notes are an integral part of this statement.

**Bayou Community Academy
Charter School**

Statement of Cash Flows
Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 915,827
Adjustment to reconcile increase in net assets to net cash flows provided by operating activities:	
Depreciation	18,248
Increase (decrease) in operating assets:	
Accounts receivable	(100)
Grants receivable	32
Prepaid expense	(450)
Increase in operating liabilities:	
Accounts payable	37,826
Accrued expenses	72,783
Deferred compensation	39,388
Deferred revenue	<u>6,778</u>

NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>1,090,332</u>
--	------------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(166,568)
Purchases of investments	<u>(450,168)</u>

NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(616,736)</u>
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CASH FLOWS USED IN FINANCING ACTIVITIES:

Principal payments of short-term debt	<u>(15,000)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	458,596
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BEGINNING CASH AND CASH EQUIVALENTS	<u>7,925</u>
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ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 466,521</u></u>
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SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the year for interest	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of this statement.

**Bayou Community Academy
Charter School**

Notes to Financial Statements
Year Ended June 30, 2012

NOTE 1 – ORGANIZATION AND OPERATIONS

Bayou Community Academy, Inc. (the School) was created as a non-profit corporation under the laws of the State of Louisiana on January 29, 2009. The School applied to the Lafourche Parish School Board to operate a Type I charter school. The charter was granted to Bayou Community Academy, Inc. for a five year term commencing July 1, 2011, and ending on June 30, 2016. The School presently serves eligible students in kindergarten through fourth grade and plans to add a grade each year until reaching eighth grade.

The School leases its building from Lafourche Parish School Board for \$8,000 per month. The total amount paid during the fiscal year ended June 30, 2012 was \$96,000. The School also paid Lafourche Parish School Board an administrative fee representing 2% of the total revenue received under the State Public School - MFP Funding, amounting to \$42,614.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

A. FINANCIAL STATEMENT PRESENTATION

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, in accordance with accounting principles generally accepted in the United States of America.

Bayou Community Academy
Charter School

Notes to Financial Statements
Year Ended June 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. REVENUES

The School's primary source of funding is through the State Public School – MFP Funding, which made up 88% of its revenues. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

D. PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment of the School are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Depreciation of all exhaustible property and equipment is calculated using the straight-line method and is charged as an expense against operations. Property and equipment reported on the statement of financial position are net of accumulated depreciation. Normal building maintenance and minor equipment purchases are included as expenses of the School.

E. INCOME TAXES

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes have been made.

F. STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Bayou Community Academy
Charter School**

Notes to Financial Statements
Year Ended June 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

H. CONCENTRATIONS

The School received 88% of its revenues in the year ended June 30, 2012 from the State Public School – MFP Funding, subject to its charter school contract with the Board of Trustees, and 4% of its funding from the federal government.

Bayou Community Academy Charter School maintains its cash in two financial institutions located in Louisiana. During the year, the Federal Deposit Insurance Corporation (FDIC) insured the Organization's balances up to \$250,000 at each institution, plus additional coverage as the financial institutions participated in the FDIC's program (under Dodd-Frank legislation) that provides temporary unlimited coverage for non-interest bearing transactions. The Organization's deposits were fully collateralized on June 30, 2012.

NOTE 3 – CASH AND INVESTMENTS

The School's cash and cash equivalents (book balances) at June 30, 2012, were \$466,521, which are stated at cost and approximate market.

The School's investments are limited to funds deposited with Louisiana Asset Management Pool (LAMP). LAMP is a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar-weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. Investments in LAMP as of June 30, 2012 amounted to \$450,168 and are classified on the Statement of Financial Position as

**Bayou Community Academy
Charter School**

Notes to Financial Statements
Year Ended June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Cont.)

"Investments". In accordance with GASB Codification Section 150.126, the investment in LAMP as of June 30, 2012 is not recognized in the three risk categories provided by GASB Codification 150.125 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

NOTE 4 – GRANTS RECEIVABLE

As of June 30, 2012, grants receivable totaled \$9,447, which are federal funds passed through the public charter school program (PCSP). The balance is considered to be fully collectible.

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Computers and Peripherals	\$ -	\$ 139,290	\$ -	\$ 139,290
Computer Software	-	7,176	-	7,176
Furniture and Equipment	-	20,102	-	20,102
	-	166,568	-	166,568
Less: Accumulated Depreciation	-	(18,248)	-	(18,248)
Total	\$ -	\$ 148,320	\$ -	\$ 148,320

Depreciation expense for the year ended June 30, 2012, was \$18,248. Depreciation is calculated using the straight-line method over useful lives of 3 to 7 years.

All assets acquired with Louisiana Department of Education funds are owned by the School while used for the purpose in which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

NOTE 6 – DEFERRED COMPENSATION

For ten-month employees, such as teachers, July 2012 payroll costs are recorded as deferred compensation. These employees earned such compensation by completing their contracts with the School on May 28, 2012. While they work for a ten month period, they get paid over a twelve month period. The contract period for these employees was August 3, 2011 to May 28, 2012 and the amount of deferred compensation that was recorded is \$39,388.

**Bayou Community Academy
Charter School**

Notes to Financial Statements
Year Ended June 30, 2012

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions represent the estimated fair value of general corporate goods and services provided. Contributed goods are valued at fair market value on the date of the donation. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

The following is a summary of in-kind contributions for the year ended June 30, 2012:

	<u>Estimated Market Value</u>
Donated Office Space	<u>\$ 1,610</u>

The value of donated volunteer services is not reflected in the accompanying financial statements since they do not meet the recording criteria as per FASB 116. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program, administrative, and fund-raising activities.

NOTE 8 – RETIREMENT PLANS

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P. O. Box 94123, Baton Rouge, LA 70804-9123.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the majority of the year ending

**Bayou Community Academy
Charter School**

Notes to Financial Statements
Year Ended June 30, 2012

NOTE 8 – RETIREMENT PLANS (Cont.)

June 30, 2012, the employer contribution rate was 24%. The current rate, which was effective June 25, 2012, is 24% of annual eligible covered payroll. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan for the year ended June 30, 2012 was \$155,290, which is equal to the required contribution. The School's first year to contribute to the plan was the year ended June 30, 2012.

In addition to TRSL, certain employees of the School participate in the Louisiana School Employees' Retirement System (LSERS). The LSERS is a cost-sharing, multiple-employer defined benefit plan, which guarantees a benefit based on age, years of service, and final average compensation at retirement, not on the amount of contributions. LSERS members are non-instructional personnel of the Louisiana public school system. Employees must work more than 20 hours per week to become a member of this system. Ten years of service (member before July 1, 2010) or five years of service (member on or after July 1, 2010) in LSERS are required to become vested in the system.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary, effective July 1, 2010. The School is required to contribute at an actuarially determined rate. During the year ending June 30, 2012, the employer contribution rate was 28.6%. The School's contributions to the plan for the year ended June 30, 2012 was \$5,637, which is equal to the required contribution.

NOTE 9 – LOCAL GRANTS

During the year ended June 30, 2012, the School recognized grant revenue from the following local grants:

Lorio Grant Foundation	\$ 95,000
LEF Grant	4,794
Entergy Grant	1,487
Walmart Foundation Grant	<u>1,382</u>
Total Local Grants	<u><u>\$ 102,663</u></u>

**Bayou Community Academy
Charter School**

Notes to Financial Statements
Year Ended June 30, 2012

NOTE 10 – FEDERAL GRANTS

During the year ended June 30, 2012, the School recognized grant revenue from the following federal grantors:

Federal Funds:

Public Charter School Program (PCSP)	\$ 58,745
Title 1 Funds	<u>26,996</u>
Total Federal Funds	<u>\$ 85,741</u>

NOTE 11 – UNCERTAIN INCOME TAXES

The School's 2010 tax returns were filed appropriately. As of October 2012, the School had not filed their 2011 tax return as the filing due date had not yet been reached. The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School's tax filings are subject to audit by various taxing authorities. The School's open audit period is 2010. Management has evaluated the School's tax position and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

NOTE 12 – OPERATING LEASE

On July 13, 2011, the School entered into a lease agreement with Lafourche Parish School Board for the rental of property to be used for the operation of Bayou Community Academy. The lease is for a term of three years, beginning July 1, 2011 and ending on June 30, 2014. The agreement includes 36 monthly payments of \$8,000. The total expense under this lease for the year ended June 30, 2012 is \$96,000.

Future minimum lease payments on the above lease are as follows:

For the year ended June 30,

2013	\$ 96,000
2014	<u>96,000</u>
	<u>\$ 192,000</u>

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 22, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)

**Martin
and
Pellegrin**

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Houma, Louisiana 70360

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Trustees
Bayou Community Academy Charter School
Thibodaux, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Bayou Community Academy Charter School (the School) and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Bayou Community Academy and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings that relate to the accompanying schedules of supplemental information are as follows:

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
(Schedule 1)**

1. We have selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper accounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earning on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Findings:

None.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total number of full time classroom teachers per this schedule to School supporting payroll records as of May 1st.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals and full time classroom teachers by classification as of May 1st and as reported on the schedule. We traced 100% of the teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Findings:

None.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as recorded on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Findings:

None.

Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers (Schedule 4)

6. We obtained a list of principals, assistant principals and full time classroom teachers by classification as of May 1st and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Findings:

None.

Public School Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation and ROTC or rehired retiree status as well as full time equivalents as reported on the schedule and traced 100% of the teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings:

None.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced 100% of the classes to the May 1st roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings:

None.

Graduation Exit Exam (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings:

None.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Bayou Community Academy Charter School, the Lafourche Parish School Board, the Louisiana Department of Education, the Louisiana Legislature and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "Martin A. Ruffin".

November 22, 2012

Bayou Community Academy Charter School

Schedules Required by Louisiana State Law
(R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended
June 30, 2012

Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 – Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D. or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 – Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 – Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers

This schedule includes the number of years of experience in teaching for principals, assistant principals and full time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 – Public School Staff Data

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehire retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 – Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

Bayou Community Academy Charter School

Schedules Required by Louisiana State Law
(R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended
June 30, 2012

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district by grade 4 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic and Unsatisfactory. As this is the first year of Charter School operations, this schedule includes one year of data.

Schedule 8 – Graduation Exit Exam

Not applicable.

Schedule 9 – iLEAP Test Results

This schedule represents student performance testing data and includes a summary score for grade 3 for each district. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. As this is the first year of Charter School operations, this schedule includes one year of data.

Bayou Community Academy Charter School
Thibodaux, Louisiana
 General Fund Instructional and Support Expenditures
 And Certain Local Revenue Sources
 For the Year Ended June 30, 2012

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 546,506
Other Instructional Staff Salaries	6,099
Instructional Staff Employee Benefits	145,024
Purchased Professional and Technical Services	19,906
Instructional Materials and Supplies	81,853
Instructional Equipment	17,902

Total Teacher and Student Interaction Activities \$ 817,290

Other Instructional Activities 8,499

Pupil Support Services 67,977

Less: Equipment for Pupil Support Services -

Net Pupil Support Services 67,977

Instructional Staff Services -

Less: Equipment for Instructional Staff Services -

Net Instructional Staff Services -

School Administration 243,878

Less: Equipment for School Administration (2,263)

Net School Administration 241,615

Total General Fund Instructional Expenditures \$ 1,135,381

Total General Fund Equipment Expenditures \$ 20,165

Certain Local Revenue Sources

Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes	-
Other than School Taxes	-
Sales and Use Taxes	-

Total Local Taxation Revenue \$ -

Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-

Total Local Earnings on Investment in Real Property \$ -

State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-

Total State Revenue in Lieu of Taxes \$ -

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See independent accountant's report on applying agreed-upon procedures.

Bayou Community Academy Charter School
Thibodaux, Louisiana
 Education Levels of Public School Staff
 As of June 30, 2012

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	9	75%						
Master's Degree	3	25%			1	100%		
Master's Degree +30								
Specialist in Education								
Ph. D. or Ed. D.								
Total	12	100%	0	0%	1	100%	0	0%

See independent accountant's report on applying agreed-upon procedures.

Bayou Community Academy Charter School
Thibodaux, Louisiana
Number and Type of Public Schools
For the Year Ended June 30, 2012

Type	Number
Elementary	1
Middle/Jr. High	
Secondary	
Combination	
Total	1

See independent accountant's report on applying agreed-upon procedures.

Bayou Community Academy Charter School
Thibodaux, Louisiana
 Experience of Public Principals, Assistant Principals
 And Full Time Classroom Teachers
 As of June 30, 2012

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Principals			1					1
Classroom Teachers	3	2	3	2	2			12
Total	3	2	4	2	2	0	0	13

See independent accountant's report on applying agreed-upon procedures.

Bayou Community Academy Charter School
 Thibodaux, Louisiana
 Public School Staff Data
 For the Year Ended June 30, 2012

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$42,504	\$42,504
Average Classroom Teachers Salary Including Extra Compensation	\$43,587	\$43,587
Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries	12	12

See independent accountant's report on applying agreed-upon procedures.

Bayou Community Academy Charter School
 Thibodaux, Louisiana
 Class Size Characteristics
 As of June 30, 2012

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	30%	3	70%	7				

See independent accountant's report on applying agreed-upon procedures.

Bayou Community Academy Charter School
Thibodaux, Louisiana
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2012

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 4								
Advanced	2	8%	2	8%	3	11.5%	1	4%
Mastery	10	38%	7	27%	7	27%	5	19.5%
Basic	13	50%	14	53.5%	13	50%	17	65%
Approaching Basic	1	4%	3	11.5%	3	11.5%	3	11.5%
Unsatisfactory	0	0%	0	0%	0	0%	0	0%
Total	26	100%	26	100%	26	100%	26	100%

See independent accountant's report on applying agreed upon procedures.

Bayou Community Academy
Thibodaux, Louisiana
Graduation Exit Exam
For the Year Ended June 30, 2012

The School is an elementary school; therefore, this schedule does not apply.

See independent accountant's report on applying agreed-upon procedures.

Bayou Community Academy Charter School
 Thibodaux, Louisiana
 iLEAP Test Results
 For the Year Ended June 30, 2012

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 3								
Advanced	3	6%	3	6%	1	2%	0	0%
Mastery	18	35%	13	25%	17	33%	18	35%
Basic	22	43%	23	45%	24	47%	24	47%
Approaching Basic	6	12%	8	16%	9	18%	7	14%
Unsatisfactory	2	4%	4	8%	0	0%	2	4%
Total	51	100%	51	100%	51	100%	51	100%

See independent accountant's report on applying agreed-upon procedures.

SUPPLEMENTAL INFORMATION

**Bayou Community Academy
Charter School**

Schedule of Board of Trustees
For the Year Ended June 30, 2012

<u>Board Members</u>	<u>Compensation</u>
Bill Crawford 522 Green Street Thibodaux, Louisiana 70301	\$-0-
Jim Barr 402 West 2 nd Street Thibodaux, Louisiana 70301	\$-0-
Vicki Corbett 507 Ducros Drive Thibodaux, Louisiana 70301	\$-0-
Shaunna Landry 269 Live Oak Drive Thibodaux, Louisiana 70301	\$-0-
Larry Youngblood 19839 Highway 644 Vacherie, Louisiana 70090	\$-0-
Nolan Smith 156 Brooklyn Lane Raceland, Louisiana 70394	\$-0-
Cleveland Hill 2130 Highway 3185 Thibodaux, Louisiana 70301	\$-0-
Steve Welsh 222 North Montz Street In Gramercy, Louisiana 70052	\$-0-

See independent auditor's report.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Bayou Community Academy, Inc.
Thibodaux, Louisiana

We have audited the financial statements of Bayou Community Academy Charter School (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Bayou Community Academy Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayou Community Academy Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

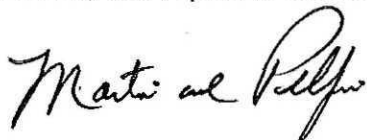
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bayou Community Academy Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Bayou Community Academy Charter School in a separate letter dated November 22, 2012.

This report is intended solely for the information and use of the Board of Trustees, management, others within the Organization, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "Martine Pelletier".

November 22, 2012

OTHER INFORMATION

Bayou Community Academy Charter School

Schedule of Findings and Responses As of and for the Year Ended June 30, 2012

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Bayou Community Academy Charter School.
2. No deficiencies in internal control were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters material to the financial statements of Bayou Community Academy Charter School which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was issued.

Section II – Financial Statement Findings

No findings material to the financial statements of Bayou Community Academy Charter School were noted during the audit.

Section III – Internal Control Findings

No findings related to Bayou Community Academy Charter School's internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section IV – Federal Award Findings and Questioned Costs

This section is not applicable.

Bayou Community Academy Charter School

Schedule of Prior Findings and Resolution Matters As of and for the Year Ended June 30, 2012

Note: All prior findings relate to the June 30, 2011 review engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to a deficit balance reported in total net assets.

Recommendation: During the fiscal year ended June 30, 2011, the Bayou Community Academy was in its developmental stage and would not be fully operational until the next fiscal year. The deficit balance was due to incurring start up costs while not yet receiving full funding. It was recommended that the Board of Trustees develop a balanced budget for the upcoming year with no deficit balance in the future.

Status: The prior year deficit balance in net assets has been resolved.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Bayou Community Academy Charter School

Management's Corrective Action Plan for Current Year Findings As of and for the Year Ended June 30, 2012

The contact person for all corrective actions noted below is Ms. Sandy Holloway, Director.

Section I – Internal Control and Compliance Material to the Financial Statements

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

Accounting Software Functions

Condition: An outstanding check was cleared from the QuickBooks accounting software via the "delete" function in place of "voiding" the check.

Recommendation: The management for Bayou Community Academy Charter School should adopt and implement written policies and procedures to be used as a guideline for day to day accounting operations. These procedures should include step by step details for how to address accounting issues arising, such as how to remove an outstanding check from the accounting system being used.

Planned Action: The Organization will implement the recommendation as detailed above.

Record Retention

Condition: Voided checks are not being properly retained and defaced.

Recommendation: The management for Bayou Community Academy Charter School should adopt and implement written policies and procedures to be used as a guideline for day to day accounting operations. These procedures should include guidelines for proper retention of accounting records, as well as steps detailing how to deface a damaged or replaced check.

Planned Action: The Organization will implement the recommendation as detailed above.

Bayou Community Academy Charter School

Management's Corrective Action Plan for Current Year Findings (Continued) As of and for the Year Ended June 30, 2012

Capitalization Policy

Condition: The Organization has not adopted a capitalization policy to direct consistent recording of assets and/or expenses.

Recommendation: The management for Bayou Community Academy Charter School should adopt and implement written policies and procedures to be used as a guideline for day to day accounting operations. These procedures should include guidelines for establishing a dollar value and estimated length of life asset criteria for the capitalization of fixed assets.

Planned Action: The Organization will implement the recommendation as detailed above.

Gifts In Kind

Condition: There is presently no system in place to identify, track, value, and record gifts in kind transactions.

Recommendation: The management for Bayou Community Academy Charter School should adopt and implement written policies and procedures to be used as a guideline for day to day accounting operations. These procedures should include guidelines for properly identifying, tracking, valuing, and recording gifts in kind.

Planned Action: The Organization will implement the recommendation as detailed above.

**Bayou Community Academy
Charter School**

Management Letter

June 30, 2012

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

November 22, 2012

To the Board of Trustees
Bayou Community Academy, Inc.
Thibodaux, Louisiana

We have audited the financial statements of Bayou Community Academy Charter School as of and for the year ended June 30, 2012, and have issued our report thereon dated November 22, 2012. We conducted our audit in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

During the course of our examination, we became aware of the following matters which represent suggestions for improved internal controls:

Accounting Software Functions

During the examination, it was noted that an outstanding check was cleared from the QuickBooks accounting system via the "delete" function rather than the "void" function. In the future, we suggest that the business accounting staff use the void function for removing outstanding or voided checks, in order to maintain a clear audit trail.

Record Retention

During the examination, it was noted that a clear policy for the voiding of checks was not being utilized. In the future, we suggest that a damaged or voided check have "VOID" written in ink across the front, and the signature section cut out to prevent possible usage, and the defaced check retained. It is also recommended that a log be kept for quick reference and a clear accounting of all checks.

Capitalization Policy

During the examination, it was noted that the School has not adopted its' own capitalization policy for properly recording fixed asset purchases. In the future, we recommend the School adopt and implement written policies and procedures to be used as a guideline for day to day accounting operations. The procedures should include guidelines for establishing a dollar value and estimated length of life asset criteria for fixed asset capitalization.

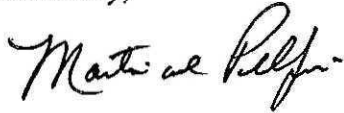
Board of Trustees
Bayou Community Academy, Inc.
November 22, 2012
Page 2

Gifts In Kind

During the examination, it was noted that presently there is no system in place to identify, track, value, and record gifts in kind transactions. It is important to record gifts in kind in the same period as the benefit is received. As such, procedures should be adopted to properly record gifts in kind.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Martin and Pellegrin".

Martin and Pellegrin, CPA's (PC)